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Original Title Page

Grand Alliance/Zim Transpacific Vessel Sharing Agreement

FMC Agreement No. 012063-003  
(3<sup>rd</sup> Edition)

A Cooperative Working Agreement

Expiration Date: None.

This Agreement had an original effective date of April 9, 2009.

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**ARTICLE 1: NAME OF AGREEMENT**

The name of this agreement is the Grand Alliance/Zim Transpacific Vessel Sharing Agreement (the "Agreement").

**ARTICLE 2: PURPOSE OF AGREEMENT**

The purpose of this Agreement is to authorize the parties to share vessels in the Trade (as defined in Article 4), thereby improving efficiency, lowering the bunker consumption per slot-mile to the benefit of the environment through increased economy of scale, and improving utilization of vessel capacity and equipment.

**ARTICLE 3: PARTIES TO AGREEMENT**

The parties to the Agreement are:

1. (a) Hapag-Lloyd Aktiengesellschaft (HL)  
Ballindamm 25  
20095 Hamburg, Germany
- (b) Nippon Yusen Kaisha (NYK)  
3-2 Marunouchi 2-Chome  
Chiyoda-ku, Tokyo 100-0005, Japan
- (c) Orient Overseas Container Line Limited for all carriers  
operating under the trade name Orient Overseas Container  
Line (all of which are treated as a single Line under this  
Agreement) (OOCL)  
31<sup>st</sup> Floor, Harbour Centre  
25 Harbour Road  
Wanchai, Hong Kong

HL, NYK and OOCL shall act as a single Party hereunder and are hereinafter collectively referred to as the "Grand Alliance Lines" or individually as a "Grand Alliance Line."

2. ZIM Integrated Shipping Services Limited (ZIM)  
9 Andrei Sakharov Street  
“Matam” – Scientific Industries Center  
P.O.B. 1723  
Haifa, 31016  
Israel

The Grand Alliance Lines and ZIM are hereinafter referred to individually as a “Party” and collectively as the “Parties.” Further, any Grand Alliance Line and/or ZIM may be referred to from time to time individually as a “Line” and collectively as “Lines.”

#### **ARTICLE 4: GEOGRAPHIC SCOPE**

This Agreement covers the trades between ports on the Atlantic and Pacific Coasts of United States, on the one hand, and ports in South Korea, Taiwan, the People’s Republic of China, Hong Kong, Thailand, Singapore, Japan, Panama<sup>1</sup> and Jamaica on the other hand (hereinafter, the “Trade”).

#### **ARTICLE 5: AUTHORITY**

5.1 (a) The Parties are authorized to discuss and agree upon the number, size, type, speed and other characteristics of vessels to be deployed by them in the Trade. Initially, the Parties will deploy twenty-two (22) ~~nineteen (19)~~ vessels in three services, as follows:

(i) Seven (7) ~~Six (6)~~ vessels with a nominal capacity of 8,000 TEUs each in what the Grand Alliance designates as the Pacific North West Express (“PNX”) Service;

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<sup>1</sup> ~~Panama is included in the scope of this Agreement only for the period of time the Parties are cooperating with respect to the Grand Alliance’s NCE service as set forth in Article 5.9 hereof.~~

(ii) Six (6) ~~Five (5)~~ vessels with a nominal capacity of 8,000 TEUs each in what the Grand Alliance designates as the North West Express ("NWX") Service; and

(iii) ~~Eight (8)~~ Nine (9) vessels with a nominal capacity of 3,400 to 3,800 TEUs each in what the Grand Alliance designates as Loop 1 of the South China East Coast Express ("SCE") Service.

(b) Initially, ~~all eleven~~ ten (10) of the 8,000 TEU vessels shall be provided by the Grand Alliance Lines, and ~~then, at a date to be determined by the Parties,~~ three (3) of the 8,000 TEU vessels shall be provided by ZIM. Initially, eight (8) ~~five (5)~~ of the 3,400 to 3,800 TEU vessels shall be provided by the Grand Alliance Lines and one (1) ~~three (3)~~ of such vessels shall be provided by Zim. Without further amendment to this Agreement, the Parties are authorized to operate up to twenty-seven (27) ~~twenty-four (24)~~ vessels with a capacity of up to 10,000 TEUs each.

(c) Each Party shall be responsible for the costs of providing and operating the vessel(s) it provides. Parties may substitute vessels for those originally provided, subject to such replacement vessels being able to perform the established schedule without interruption and to provide the other Party with the necessary capacity.

5.2 (a) The Parties are authorized to discuss and agree on the ports to be served, the port rotation to be followed, and the scheduling of vessels. Regular reviews, including operational efficiencies of the service, shall be conducted and changes shall be agreed and action taken where necessary, in order to maintain a high quality product network covering the Parties' requirements. The first such review for the PNX/NWX services shall take place six (6) months after the commencement of the services and the first such review for the SCE service shall take place after one cycle comprising nine (9) ~~eight (8)~~ voyages after the commencement of that service.

(b) In the event of non-performance of the schedule, the Party providing the non-performing vessel will propose appropriate remedial action and, if there is no consensus among the Parties as to the action to be taken, the Party providing the non-performing vessel shall make the final decision on such action. In the event of port omissions, the Party providing the non-performing vessel is responsible for the transshipment of cargo on board the vessel, while the other Party will be responsible for cargo that was to have been loaded on that vessel at the omitted port. In the event of a delay of more than six (6) days, the vessel providing Party shall provide alternative space or compensate the other Party for space not provided at a level at least equal to round voyage costs.

5.3 (a) Space on each of the services operated hereunder, including SCE-2, shall be allocated to the Parties based on the proportion of slots provided to the service, subject to such adjustments as the Parties may agree from time to time. The Parties are authorized to discuss and agree on the remaining capacity that shall be allocated to the Grand Alliance Lines and divided among them as they may agree from time to time in accordance with the terms of the Grand Alliance Agreement II, FMC No. 011602. The Lines are authorized to sell space from within their allocations to/from one another on an *ad hoc* basis at such slot charter hire and on such other terms and conditions as they may agree from time to time. Unused space shall be made available to the other Lines for purchase.

(b) Notwithstanding anything to the contrary in Article 5.3, the initial allocations on Loop 1 of the SCE service shall be as follows:

<u>HL</u>	<u>715 TEU</u>
<u>NYK</u>	<u>1010 TEU</u>
<u>OOCL</u>	<u>1010 TEU</u>
<u>ZIM</u>	<u>940 TEU</u>

~~as an interim measure and until such time as ZIM's vessels are introduced to the PNK/NWX services, ZIM will charter 1,400 TEU slots each on the PNK and NWX. In week 13 of 2009, ZIM will increase its slot charter to 1,900 TEU each on the PNK and NWX.~~

(c) Each Party shall be entitled to use its space allocation without any geographical restrictions regarding the origin or destination of the cargo subject to operational restrictions and efficiency target as the Parties may adopt from time to time. There shall be no priorities for either full, empty, wayport/interport or breakbulk cargo.

5.4 Each Party shall be authorized to continue to operate existing services within the scope of this Agreement and to modify such existing services as it may decide from time to time. Where a Party wishes to introduce a new service falling within the scope of this Agreement, it may do so only with the consent of all the other Parties to this Agreement, which is not to be unreasonably withheld, on the condition that it offers all the other Parties to this Agreement the opportunity to participate under the terms set forth in this Agreement. It is understood that nothing in this Agreement shall impact the ability of ZIM to provide space from within its allocation on the vessels operated in the PNX/NWX services hereunder to ~~China Shipping Container Lines and~~ Pacific International Lines, which space shall for all purposes hereunder be considered as allocated to ZIM.

5.5 The Parties are authorized to discuss and agree on the terminals to be used by vessels operated hereunder. Subject to the following criteria, the Parties shall work towards the use of one ocean terminal at each port of call:

- (i) Highest gross productivity in comparison with directly competing ports.
- (ii) Competitive rates within the region with direct competing ports.
- (iii) Berthing guarantee as per commercial requirements.
- (iv) Most-favored user treatment within the region with directly competing ports.

The Lines shall respect one another's terminal(s) or equity investments, provided always that the above criteria are to be applied in the terminal selection process. This will apply to not only within specific ports but to terminals located within the same vicinity.

5.6 Each Party shall be responsible for marketing its own interests in the Trade Lane.

5.7 The Parties are authorized to discuss and agree upon operational and administrative matters including, but not limited to, recordkeeping, general average, war risk, responsibility for loss or damage, insurance, claims and settlement procedures, and indemnification.

5.8 Pursuant to 46 C.F.R. §535.408, any further agreements contemplated by this Agreement which do not relate to routine operational or administrative matters and which are required to be filed shall not be implemented until an appropriate amendment to this Agreement has been filed and become effective.

~~5.9 (a) Notwithstanding anything to the contrary elsewhere in this Agreement, beginning with the effective date of Amendment No. 2 to this Agreement (or such later date as the Parties may agree) and continuing for a period of approximately 16 to 18 weeks, the SCE service described in Article 5.1(a)(iii) hereof shall be suspended.~~

~~(b) While the SCE service is suspended, the Parties shall be authorized to cooperate with respect to the Grand Alliance's NCE string. Pursuant to the authority contained in the preceding sentence, during the period the SCE service is suspended Zim shall contribute one vessel to the Grand Alliance's NCE service, which will continue to operate using 8 vessels and which will have the following port rotation: Pusan Qingdao Ningbo Shanghai Balboa Kingston New York Norfolk Savannah Kingston Cristobal Pusan. During the period the SCE service is suspended, Zim shall receive a space allocation on the NCE service in proportion to its vessel contribution to that service. The rights and obligations of the parties with respect to contribution of vessels to and use of space on the NCE string shall be subject to and governed by the terms of this Agreement.~~

**ARTICLE 6: ADMINISTRATION AND DELEGATION OF AUTHORITY**

6.1 This Agreement shall be implemented and administered by meetings and other written and oral communications among the Parties. The Parties are authorized to adopt written procedures and policies with respect to the day-to-day operational requirements of the service, as well as with respect to communications among themselves.

6.2 Counsel for the Parties is hereby authorized to file this Agreement and any amendments thereto with the U.S. Federal Maritime Commission, execute this Agreement and any amendments hereto, and to otherwise act on behalf of the Parties with respect thereto.

**ARTICLE 7: MEMBERSHIP**

Membership is limited to the Lines, unless otherwise unanimously agreed by the Parties.

**ARTICLE 8: VOTING**

Except as otherwise provided herein, decisions ~~hereunder~~ shall be reached by mutual agreement of the Parties.

**ARTICLE 9: DURATION AND RESIGNATION**

9.1 The effective date of this Agreement shall be the date it becomes effective under the U.S. Shipping Act of 1984, as amended, and its initial term

shall expire one (1) year from the effective date of Amendment No. 3 hereto.  
~~two (2) years from February 24, 2009.~~ The Agreement shall continue indefinitely following the expiration of the initial term.

9.2 Any Line may withdraw from this Agreement by giving six (6) months' notice to the other Lines; provided, however, that no such notice may be given until six months after the effective date of Amendment No. 3 hereto  
~~before August 23, 2010.~~

9.3 For the avoidance of doubt, each Grand Alliance Line has the right to withdraw from the Grand Alliance Agreement (FMC No. 011602) by giving six (6) months' written notice of withdrawal. If this right is exercised by any Grand Alliance Line such that it withdraws from the Grand Alliance Agreement then, notwithstanding Article 9.1 above, the Grand Alliance Lines reserve their right to withdraw from this Agreement with effect from the same date. In such an event, the remaining Grand Alliance Lines and ZIM will use their best endeavours to continue the Agreement, subject to any amendments necessary to enable the arrangement to continue.

9.4 Notwithstanding Article 9.1, if at any time during the term of the Agreement there shall be a change in the control or a material change in the ownership of any one Line (the Line so affected being referred to in this Article 9.4 only as the Affected Line) and the other Lines are of the opinion arrived at in good faith that such change is likely to materially prejudice the cohesion or

viability of the service, then the other Lines may within six (6) months of the coming into effect of such change give six (6) months' notice in writing to the Affected Line terminating the Agreement in relation to that Line. For purposes of this Article 9.4, a change in the control or material change in the ownership of a Line shall not include any public offering of shares in that Line or its holding company, or any shareholder of such Line or its holding company who was a shareholder of such Line or holding company on the effective date of this Agreement acquiring control of such Line or holding company.

9.5 Notwithstanding Article 9.1, if at any time during the term of this Agreement any Line should become bankrupt or declares insolvency or have a receivership order made against it, suspend payments, or continue its business under a receiver for the benefit of any of its creditors, or if a petition is presented or a meeting convened for the purpose of considering a resolution, or other steps are taken, for the winding-up of the Line (otherwise than for the purposes of and followed by a resolution previously approved in writing by the other Lines), or any event similar to any of the above shall occur under the laws of the Line's country of incorporation (the Line so affected being referred to in this Article 9.5 only as the Affected Line) and the other Lines are of the opinion that the result may be materially detrimental to the service, or that sums may be owed by the Affected Line to any other Line(s) may not be paid in full or their payment may be delayed, then, by unanimous decision of the other Lines, any further participation of the Affected Line in the Agreement or any part thereof

may, with immediate effect, either be terminated or suspended for such period as the other Lines, in their sole discretion, deem appropriate.

9.6 In the event of termination of the Agreement for whatever cause in relation to one Line or Party, the Lines/Parties (as the case may be) shall continue to be liable to one another in respect of all liabilities and obligations accrued due prior to termination and in such other respects as the Parties shall determine to be fair as between themselves in relation to the completion of all contracts of carriage outstanding at the date of termination.

#### **ARTICLE 10: NON-ASSIGNMENT**

The rights and obligations of each Line hereunder shall not be assignable except to subsidiaries, parent companies or fellow subsidiaries or with the prior unanimous agreement of the other Lines. Each Line shall warrant that any subsidiary or fellow subsidiary to which any assignment is made shall not be sold to a third party.

#### **ARTICLE 11: LAW AND ARBITRATION**

11.1 This Agreement shall be governed by and construed in accordance with the laws of England and shall otherwise be subject to the U.S. Shipping Act of 1984, as amended.

11.2 Any dispute or difference arising out of or in connection with this Agreement which cannot be amicably resolved shall be referred to arbitration in

London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Article 11. The arbitration shall be conducted in accordance with the London Maritime Arbitration Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

11.3 The reference shall be to three arbitrators. A Party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other Party, requiring the other Party to appoint its own arbitrator within 14 calendar days of that notice, and stating that it will appoint its arbitrator as sole arbitrator unless the other Party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other Party does not appoint its own arbitrator and give notice that it has done so within the 14 days specified, the Party referring a dispute to arbitration may, without the requirement of any further prior notice to the other Party, appoint its arbitrator as sole arbitrator and shall advise the other Party accordingly. The award of a sole arbitrator shall be binding on both Parties as if he had been appointed by agreement. Nothing herein shall prevent the Parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

11.4 In cases where neither the claim nor any counterclaim exceeds the sum of US\$ 100,000 the arbitration shall be conducted in accordance with the

LMAA Small Claims Procedure current at the time when arbitration proceedings are commenced.

**ARTICLE 12:       NOTICES**

Any notice hereunder shall be made by courier service or registered mail, or in the event expeditious notice is required, by e-mail or fax confirmed by courier or registered mail, to the addresses shown in Article 3 hereof.